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STATE FOR NEA, NEA/IPA, NEA/PPD

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SUBJECT: ISRAEL MEDIA REACTION

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SUBJECTS COVERED IN THIS REPORT:  
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Mideast

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Key stories in the media:  
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Ha'aretz's poll found that Kadima, led by Tzipi Livni, would beat Likud. A Maariv survey indicates that Kadima voters are "fleeing" to Likud. A Yediot poll shows Livni well ahead of Shaul Mofaz in the Kadima primaries. (Main poll findings: See below.) The Jerusalem Post reported that it now seems unlikely that whoever wins the Kadima race will be able to form a new coalition. Makor

Rishon-Hatzofe believes that the Knesset will dissolve itself after the Kadima primaries.

Ha'aretz and Yediot reported that after his speech on Wednesday, PM Ehud Olmert is actually convinced that public approval for him to move forward on the peace process has increased. Maariv reported that Olmert's emissaries to the talks with Syria have reached the conclusion that a "historic" agreement between Jerusalem and Damascus is at hand. According to Maariv, an outline exists and the sides are prepared to pay the price of an accord: Syria reportedly agrees to disconnect from Iran.

Maariv and Israel Radio reported that Minister Shaul Mofaz told Vice President Dick Cheney in Washington that Iran is getting increasingly closer to acquiring a nuclear weapon. Maariv reported that the U.S. is expected to publish in a few months a new National Intelligence Estimate on Iran following data supplied by Israel. The Jerusalem Post reported that Olmert's resignation overshadows the U.S.-Israel strategic dialogue, which is led by Mofaz on the Israeli side. Maariv quoted senior intelligence sources as saying that Britain, France, and Germany share Israel's assessment, while the U.S. position remains the same. Maariv quoted Defense Minister Ehud Barak as saying that Israel has no window of opportunity to attack Iran.

All media reported that Olmert's Chief of Staff, Yoram Turbowicz, has announced his resignation.

Major media reported that yesterday the Foreign Ministry expressed its disappointment at reports that on Wednesday Germany's Export

Control Office approved the signing of a 100-million Euro deal between a German firm and Iran's national oil company -- including the construction in Iran of three plants to liquefy natural gas. The media reported that Jerusalem would demand clarifications from Berlin.

The Jerusalem Post quoted PA officials as saying yesterday that Olmert's decision to step down after the Kadima primaries in September means that the chances of reaching an agreement between Israel and the Palestinians before the end of the year are non-existent. The newspaper also quoted PA officials in Ramallah as saying on Wednesday that Palestinian PM Salam Fayyad has asked the World Bank for emergency funding so that he can pay salaries to PA employees.

Maariv and The Jerusalem Post reported that the ultra-Orthodox candidate for Jerusalem's upcoming mayoral race may be Rabbi Meir Porush instead of current mayor Uri Lupoliansky.

Ha'aretz quoted the Lebanese daily Al-Akhbar, which is considered sympathetic to the Shi'ite group, as saying yesterday that Hizbullah is planning to take "practical measures" to counter IAF overflights of Lebanon. Al-Akhbar quoted a source who said that Hizbullah is "close to adopting practical measures that will force Israel to cease the overflights." Ha'aretz says that the report is in line with Israeli intelligence assessments that predicted that following the completion of the Israel-Hizbullah prisoner swap, Hizbullah would seek excuses to resume its struggle against Israel in order to justify its refusal to disarm. Hizbullah has cultivated an image as Lebanon's "protector" against what it describes as Israeli aggression.

The Jerusalem Post reported that the High Court of Justice is due to hear a petition filed recently by Palestinian residents of the village of Bil'in charging that the government and the army are in contempt of court for failing to reroute the barrier separating the village from Modi'in Illit in keeping with a High Court ruling from September 2007.

Maariv reported that the Israel Navy is expected to announce within a month which company will secure a bid for its most expensive defense project over the past decade. Lockheed Martin, Northrop Grumman, and an Italian shipyard are mentioned as possible suppliers for the \$400 million contract to build the two largest missile boats in the Israeli navy.

Ha'aretz reported that following domestic and international protests, the Planning and Construction Committee of the Interior

Ministry's Jerusalem District has limited the building plan at the Old City's Mugrabi Gate.

All media reported that yesterday the State Prosecutor's Office informed billionaire politician Arkady Gaidamak that it intended to indict him for aggravated fraud and money laundering. Gaidamak was quoted as saying in an interview with Kull Al Arab that he supports the idea of negotiations with Hamas, Hizbullah, and Iran, and does not consider that Mahmoud Abbas represents all the Palestinians. He was quoted as saying that he is against the division of Jerusalem and that he wants it to be an open developed city and a symbol for coexistence and peace.

Ha'aretz ran a feature about Masab Yousef, son of a West Bank Hamas leader, who has forsaken his father's ideology, converted to Christianity, and is now seeking political asylum in the U.S.

Ha'aretz (English Ed.) quoted Attorney Michele Coven, an expert in American immigration and naturalization law, as saying that in recent years it has become increasingly complicated to attain U.S. citizenship for children and grandchildren born abroad.

Ha'aretz presented the results of a Dialogue poll:

After the Kadima primaries, would you want a new government formed or general elections?

Elections: 61%; new government: 24%; 14% were undecided.

If Livni heads Kadima, who would you vote for?

Kadima: 26%; Likud: 25%; Labor: 14%.

Maariv presented the results of a TNS/Teleseker poll:

If Knesset elections were to be held today and Livni to head Kadima with the following parties running, for which party would you vote?

Results in Knesset seats. (In brackets: Maariv's May 30 poll):

Likud: 33 (30); Kadima: 30 (25); Labor Party: 17 (18); Yisrael Beiteinu: 12 (10); Shas: 9 (9); Arab parties: 10 (9); National Union Party and National-Religious Party: 6 (7); Meretz: 4 (4); United Torah Judaism: 4 (4); Social Justice -- new party headed by Arkady Gaidamak: 5 (4); Pensioners Party: 0; Yisrael Hazaka (A Strong Israel) -- a new party founded by former Labor politician Ephraim Sneh: 0.

Yediot presented the results of a Mina Zemach (Dahaf Institute) poll:

(Among registered Kadima voters) If only Mofaz and Livni compete (for Kadima chairmanship), for whom will you vote? (In brackets: previous survey).

Tzipi Livni: 51%; (47%) Shaul Mofaz: 43% (45%).

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Mideast:  
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Summary:  
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The conservative, independent Jerusalem Post editorialized: "There are two things Israel cannot afford. The first is a lengthy vacuum in the conduct of our security, political, and diplomatic affairs. The second is a bad diplomatic deal that could be seen as binding on Olmert's successor."

Senior columnist and longtime dove Yoel Marcus wrote in the independent, left-leaning Ha'aretz: "It does not matter who the winner is -- Mofaz or Livni. What matters is moving forward in the spirit of Sharon's vision, to the government of continuity and change that the country so desperately needs."

The nationalist, Orthodox Makor Rishon-Hatzofe editorialized: "someone who plans to quit within one-and-a-half months does not conduct an intensive diplomatic campaign to reach an agreement with Abu Mazen."

Military correspondent Alex Fishman wrote in the mass-circulation, pluralist Yediot Aharonot: "Someone must explain to the Syrians the meaning of cooperation with Hizbullah.... This can't wait for the next government."

## Block Quotes:

### I. "A Long Good-Bye"

The conservative, independent Jerusalem Post editorialized (8/1): "There are two things Israel cannot afford. The first is a lengthy vacuum in the conduct of our security, political, and diplomatic affairs. The second is a bad diplomatic deal that could be seen as binding on Olmert's successor..... Were [Mahmoud] Abbas cast more in the mold of an Anwar Sadat or a King Hussein, a breakthrough would

be more likely. And seven years of Hamas bombardment of Israeli territory from Gaza hasn't helped matters.... Across the Atlantic, George Bush's term as president expires in six months. Time flies, and we are mindful that there may be opportunities Israel can best take while this unusually empathetic president remains in power. Whether it is talks with Abbas, managing the security situation along our northern border and with Gaza or pursuing efforts to free Gilad Shalit, the country's foreign and security predicament cannot be put on hold.... Olmert must, as he has promised, coordinate with Foreign Minister Tzipi Livni and Defense Minister Ehud Barak, as well as with Transportation Minister Shaul Mofaz in his capacity as minister in charge of strategic dialogue with the U.S. on Iran. He should also solicit input from opposition leader Benjamin Netanyahu."

### II. "Housecleaning First"

Senior columnist and longtime dove Yoel Marcus wrote in the independent, left-leaning Ha'aretz (8/1): "Assuming that Livni and Mofaz are the front-runners, and knowing that they do not exactly see eye to eye on how to solve the problems of war and peace in this region, it is important for them to agree ahead of time on certain basic principles if they want Kadima to go on being a major centrist party and the one that leads the state.... If I were Mofaz, I would not write Livni off so quickly. She has served in the Knesset for 10 years, headed seven government ministries, sat in the defense cabinet, and been a party to a series of important decisions. Livni has plans to move forward with peace accords, while Mofaz, an old warhorse, may lead the country into a major offensive in Gaza of the sort we know how to start but not to end.... Livni and Mofaz have inherited the 'Sharon legacy' from the founders of Kadima. This is a legacy we remember fondly for the Sharonic principle that the time has come to wake up from the dream of a Greater Israel and gradually work out permanent borders, in collaboration with President George Bush, based on the concept of two states for two peoples. In practice, however, Sharon erred twice: (a) in carrying out the disengagement from Gaza unilaterally, without an agreement, thereby leaving southern Israel at the mercy of Hamas, an ally of Hizbullah and Iran, and b) in making Olmert his deputy, to compensate him for being passed over as finance minister. Tough guys like Sharon never dream of themselves slipping into a coma one day.... It does not matter who the winner is -- Mofaz or Livni. What matters is moving forward in the spirit of Sharon's vision, to the government of continuity and change that the country so desperately needs."

### III. "Olmert Doesn't Really Want to Quit"

The nationalist, Orthodox Makor Rishon-Hatzofe editorialized (8/1): "Olmert's speech [on Wednesday] was well thought of and didn't deviate from the way he usually behaves.... Olmert doesn't abandon his habits. His announcement was devoid of meaning. It was political" it was intended for the legal establishment, but not to Kadima's inner organization.... Olmert himself knows why he continues to move on a track of fateful diplomatic projects. Because someone who plans to quit within one-and-a-half months does not conduct an intensive diplomatic campaign to reach an agreement with Abu Mazen.... The only thing he should deal with is current governmental maintenance until he is replaced."

### IV. "Hizbullah Is Taking Hold of the Skies"

Military correspondent Alex Fishman wrote in the mass-circulation, pluralist Yediot Aharonot (8/1): "We are talking about a real ticking bomb -- a decision that cannot wait for a new leader or another government. There is no vacuum in security matters. The

crash of the Olmert government, the waiting for the primaries, for a national unity government, or new elections are a failsafe recipe for putting off decisions that mean -- without exaggerating -- a peace-or-war, life-or-death issue for long months.... This matter is most urgent.... According to foreign media reports, this is a threat to Israel's air safety over Lebanon.... In 1970, Israel decided to ignore the movement of Egyptian anti-aircraft batteries and paid heavily for this in the Yom Kippur War.... Someone must explain to the Syrians the meaning of cooperation with Hizbullah. Iran has nothing to lose. Syria actually does. The government must at once take care of this. This can't wait for the next government."

MORENO